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July 17, 2009

VIA E-MAIL

Mr. Jim Ward
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Docket No. UW-091051 - Burton Water Company, Inc.

Dear Mr. Ward:

This letter will respond to your Data Request 2.

1. Please provide a copy of the most recent Water Facility Inventory (WFI) form completed by the company and submitted to the Department of Health (DOH).

RESPONSE: Please see attached.

2. Does the water company have any affiliated interest transactions as listed under RCW 80.16.020? If yes, please provide copies as provided in RCW 80.16.040 of each transaction.

RESPONSE: No.

3. Please provide copies each debt instrument that the water company has outstanding. Please include the original amount borrowed, the current balance, interest rate, monthly payment and what the funds were used to purchase.

RESPONSE: Please see the attached for a listing of original amounts borrowed and current balance. All loans are carried at ten percent interest rate. Payments are made, if possible, on a semi-annual basis. The listing of what the funds were used to purchase is included for those loans from 1999 to the present. The Company is looking for the records concerning the earlier loans, but that documentation is proving difficult to locate.

4. In review of the company's annual report for 2008 please explain the difference between balance sheet assets of \$817,329 and results of operation assets of \$789,838, balance sheet accumulated depreciation of (\$170,203) and results of operations of (\$116,291). Balance sheet equity of \$78,091 and capital structure worksheet equity of \$147,304.

RESPONSE: In looking at the backup material, I cannot determine the difference between balance sheet assets of \$817,329 and results of operation assets of \$789,838. It appears that the balance sheet assets number is correct. In reviewing the records, the Company's accountant realized that there had been an error in allocation that does not change the total asset amount. Six thousand four hundred twelve dollars (\$6,412) should have been added to Utility Plant-Investor Owned, taking that total to \$385,262. Accumulated depreciation for plant should have been increased to \$116,291 with total accumulated depreciation to \$176,615.

The difference between the annual report balance sheet accumulated depreciation of \$170,203 and the results of operation accumulated depreciation of \$116,291 is the CIAC amortization of \$60,324 plus the \$6,412 adjustment described above.

The difference between the balance sheet equity of \$78,091 and capital structure worksheet equity of \$147,304 has to do with the fact that the capital structure worksheet is based off of the rate base for ratemaking purposes after all adjustments. This amount is used from the results of operations page. Then the total long-term debt is subtracted and the difference is the equity for ratemaking purposes.

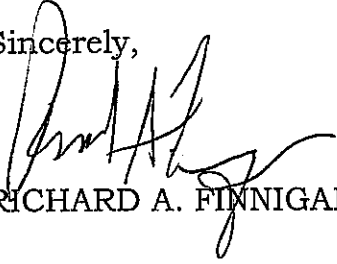
5. In review of the company's annual report for 2008 please explain the difference between income statement operating expenses of \$144,033 and results of operation expenses of \$177,884.

RESPONSE: The difference between the income statement operating expenses of \$144,033 and the results of operation expenses of \$177,884 is that the results of operations shows total wages and payroll taxes and then an adjustment is made to take out a portion of wages and payroll taxes for capitalization and CIAC purposes. On the annual report, the income statement operating expenses already took this adjustment into account.

Jim Ward
July 17, 2009
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Please let me know if you have any questions.

Sincerely,



RICHARD A. FINNIGAN

RAF/km
Enclosures

cc: Jim Garrison (via e-mail)
Evan Simmons (via e-mail)
Barb O'Block (via e-mail)